

Message Text

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ORIGIN AF-18

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DRAFTED BY AF/ W: JKBISHOP: MB

4/19/73 EXT 28436

APPROVED BY AF - ROBERT S. SMITH

EB/ ICD/ ISM - MR. MEYERS

AF/ W - MR. AGGREY

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FM SECSTATE WASHDC

TO AMEMBASSY ACCRA

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E. O. 11652: N/ A

TAGS: EMIN, PFOR, GH, EGEN

SUBJECT: STOCKPILE DISPOSAL CONSULTATIONS

1. AT DEPARTMENT' S INVITATION, AMBASSADOR AMONOO RECEIVED BRIEFING ON PROPOSED ACCELERATION IN STOCKPILE RELEASES FROM DEPUTY ASSISTANT SECRETARY SMITH APRIL 18.

2. AMONOO GIVEN COPIES RELEVANT DOCUMENTS AND GENERAL DESCRIPTION OF REASONS PROMPTING ADMINISTRATION TO ACCELERATE STOCKPILE SALES, I. E. UNNEEDED IN VIEW CONDITIONS MODERN WARFARE AND CURRENT TECHNOLOGY, REVENUE WILL REDUCE DEFICIT, AND SALES WILL CHECK CURRENT INFLATION IN COMMODITY PRICES. SMITH NOTED THAT AT COMPLETION OF PROGRAM VIRTUAL EXHAUSTION OF STOCKPILE WILL END USG SALES IN COMMODITY MARKETS.

3. FOCUSING ON COMMODITIES OF INTEREST TO GHANA, SMITH NOTED THAT ADMINISTRATION SEEKING LEGISLATIVE AUTHORITY TO REDUCE METALLURGICAL MANGANESE STOCKPILE OBJECTIVE TO LIMITED OFFICIAL USE

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750,000 SHORT DRY TONS (SDT), THEREBY MAKING EXCESS AN ADDITIONAL 1,855,100 SDTS. HE EXPLAINED AUTHORIZATION BEING SOUGHT TO ELIMINATE STOCKPILE OF DIAMOND STONES, DECLARING EXCESS AN ADDITIONAL 20 MILLION CARATS.

4. SMITH THEN EXPLAINED THAT IN ADDITION TO SEEKING CONGRESSIONAL APPROVAL FOR ELIMINATION OR LOWERING OF

STOCKPILE OBJECTIVES, ADMINISTRATION PLANS ACCELERATE SALES AND DELIVERIES OF STOCKPILED COMMODITIES, ACTING NOW WITH EXISTING AUTHORITY TO REDUCE STOCKPILES TO PRESENT OBJECTIVES AND LATER ACTING WITH REQUESTED AUTHORITY TO REDUCE STOCKPILES TO LEVELS PROPOSED TO CONGRESS. SMITH TOLD AMBASSADOR THAT GSA PROPOSED INCREASE METALLURGICAL MANGANESE DELIVERIES FROM CURRENT ANNUAL RATE OF 300,000 SDT TO 750,000 SDT, WITH NEW LEVEL BECOMING EFFECTIVE FOR CURRENT FISCAL YEAR. GSA PROPOSES INCREASE DIAMOND STONE SALES FROM 240,000 TO 480,000 CARATS FOR CURRENT FISCAL YEAR AND TO SELL 1.5 MILLION CARATS PER ANNUM IN FY 74 AND THEREAFTER.

5. SMITH INFORMED AMBASSADOR THAT PURPOSE OF CONSULTATION WAS TO BRIEF HIM ON PLANS FOR INCREASED SALES AND LOWER STOCKPILE OBJECTIVES. NOTING BRIEF PERIOD DEPARTMENT GIVEN TO COMMENT ON GSA PLANS, SMITH TOLD AMBASSADOR THAT SHOULD GOG DECIDE TO COMMENT ON PROPOSED INCREASES IN GSA SALES IT WOULD HAVE TO DO SO WITHIN TEN WORKING DAYS, PREFERABLY IN WRITING, FOR DEPARTMENT TO BE ABLE INCORPORATE GHANAIAAN REACTION IN DEPARTMENT'S RESPONSE TO GSA. HE TOLD AMBASSADOR THAT GOG WOULD REMAIN WELCOME TO COMMENT ON STOCKPILE SALES PROGRAM AT ANY TIME THEREAFTER.

6. IN RESPONSE AMONOO'S QUESTION ABOUT LIKELY PRICE EFFECT OF INCREASED STOCKPILE SALES, HE WAS TOLD GREATER DEMAND CAUSED BY PRESENT US ECONOMIC EXPANSION LIKELY MODERATE PRICE IMPACT AND LITTLE CHANGE EXPECTED FOR METALLURGICAL MANGANESE OR DIAMOND STONES. HE WAS INFORMED ADDITIONAL REASON FOR INCREASE IN DIAMOND SALES IS COMPETITION FROM SYNTHETICS, WHICH EXPECTED BECOME AVAILABLE MORE CHEAPLY WITHIN NEXT FEW YEARS AS PATENTS EXPIRE.

7. WHEN AMONOO ASKED ABOUT UNION CARBIDE'S REACTION TO LIMITED OFFICIAL USE

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INCREASED GSA SALES, SMITH SAID US COMPANIES HAD NOT BEEN

INFORMED OF GSA'S PLANS, ALTHOUGH THEY EXPECTED BECOME
AWARE OF THEM SHORTLY. HE OPINED THAT QUOTE ALL ELSE
BEING EQUAL UNQUOTE UNION CARBIDE PRESUMABLY WILL PREFER
TO CONTINUE TO IMPORT FROM SUBSIDIARY COMPANY.

8. IN RESPONSE FURTHER QUESTION, AMONOO TOLD THAT AL-
THOUGH EMBASSY ACCRA BRIEFED ON PROGRAM, USG PROPOSES USE
HIS EMBASSY FOR DISCUSSION OF PROGRAM WITH GOG, AND
EMBASSY ACCRA HAS NO INSTRUCTIONS TO INITIATE DISCUSSION
THIS SUBJECT WITH GOG. PORTER

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